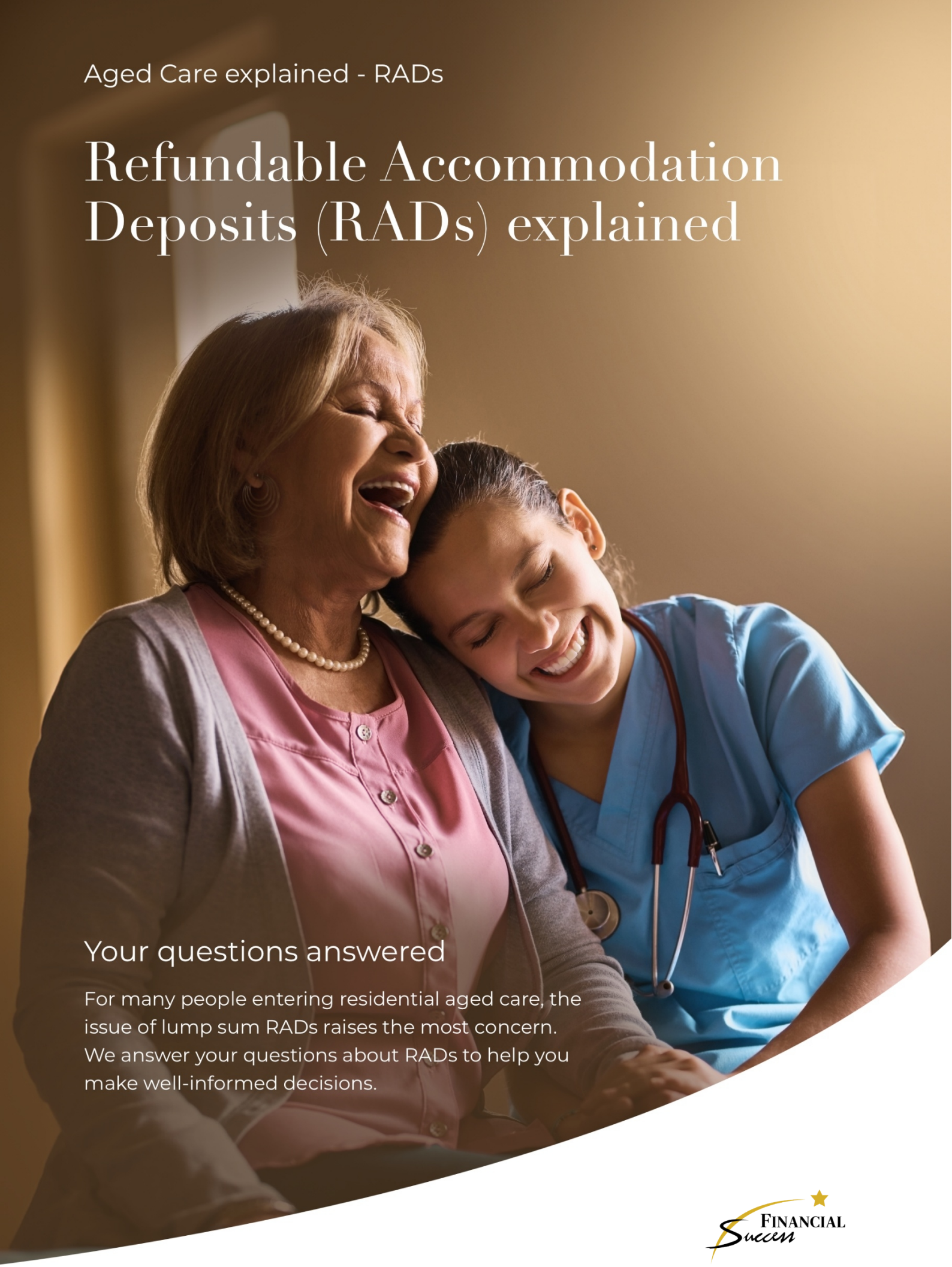
# Refundable Accommodation Deposits (RADs) explained



## Your questions answered

For many people entering residential aged care, the issue of lump sum RADs raises the most concern. We answer your questions about RADs to help you make well-informed decisions.

Financial Success

## What is a RAD?

A refundable accommodation deposit (RAD) is effectively an interest-free loan to a residential aged care service. It pays for your room and entitles you to live in the aged care service.

## Do I get my money back?

Your RAD paid is refunded when you leave care. But if you moved into care from 1 November 2025, the provider deducts a retention amount of up to 2% per year. It is deducted monthly for up to 5 years, so the most you lose is 10% of the amount paid. If you also allowed the provider to deduct any of your other daily fees from the RAD, this would further reduce the amount refundable.

## How are RAD prices set?

To set the RAD prices the care provider may consider:

- the market price of property in the area, and
- the quality of the accommodation.

The provider may charge the same RAD for all rooms, or different prices for different rooms. In some cases, you might be able to negotiate a price lower than the published rate.

## How much can I expect to pay?

The average RAD can vary between city and regional areas. It is not uncommon to see RADs in the vicinity of $400,000 to $758,627. Providers need government approval to charge more than $758,627 (indexed).

You are able to check the published RADs by going to the provider's website or to the government site *www.myagedcare.gov.au/find-a-provider*.

## Do I have to pay a lump sum?

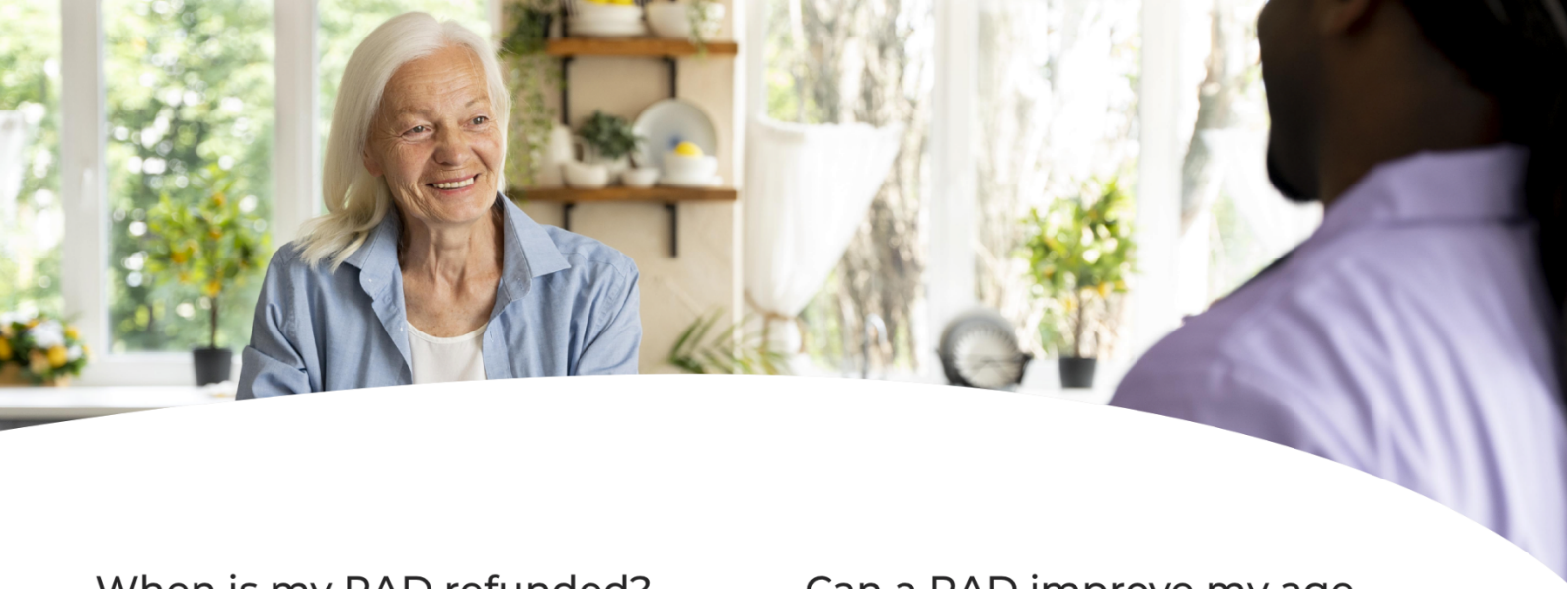
No. When you check the websites you will see a lump sum RAD and how much this converts to as a daily accommodation payment (DAP). You can choose whether you want to pay the lump sum or the daily payment or a combination.  If you moved into care from 1 November 2025 and choose the DAP, this amount is indexed by CPI in March and September each year

## When do I need to make the payment choice?

Once you are offered a place you will agree on the room price. This is recorded in your Resident Agreement as a lump sum RAD and a daily payment (DAP). You start with paying the DAP but can choose at any time to pay all or some RAD to reduce this daily fee. You do not need to make this choice until you are ready to make a RAD payment.

## Is my money at risk if a RAD is paid?

No. There are strict regulations concerning RADs and safeguards are in place. RADs are also government guaranteed (if the service is funded by the Federal Government). In the unfortunate event that your service goes into liquidation and is unable to return your RAD, the government will step in and pay it to you.



## When is my RAD refunded?

If you leave care, the RAD you paid (less any deductions) will be refunded to you or your estate. If you have passed away, once your executor shows probate to the aged care provider they have 14 days to refund the RAD. The provider will pay interest from the date you left care until the date it is refunded at the lowest deeming rate plus 2%. If they are late with the payment a higher penalty interest applies.

## Can someone else pay my RAD?

Be careful. The RAD will be considered your money and can increase other fees. It will also go back to your estate. Always seek advice first.

## Can a RAD improve my age pension?

RADs are considered exempt assets by Centrelink and Veterans' Affairs. This means that the money tied up as a RAD will not affect the amount of your age pension. However, it does count as an assessable asset when calculating your ongoing care fees. It is important to make sure that you have enough cashflow to cover your fees and other personal expenses without access to this money.

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